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April 28, 2020

Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd St., SW
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

As you work to implement the Paycheck Protection Program (PPP), I urge you to be vigilant against unfair practices by the biggest banks in the disbursement of forgivable loans. To ensure that this program is fairly implemented and not exploited, it is imperative that you conduct rigorous oversight.

There have been numerous reports that big banks are giving larger companies and existing clients preferential treatment in the processing of PPP loan applications. According to news reports, some big banks offered wealthy clients in their private wealth divisions concierge treatment, effectively fast-tracking their applications at the expense of other small businesses who may have applied first. These practices are wholly unacceptable and run contrary to both congressional intent and program rules you have released that clarify PPP loans are “first-come, first-served.”

In the first round of funding, these unfair practices likely caused many small businesses who applied for assistance to be left out. As the second round of funding commences, I have heard early reports from smaller lenders in Missouri that the approval process remains exceptionally slow; they also report persistent issues accessing SBA’s E-Tran portal. In light of these reports, I am concerned that big banks and their favored clients—who now have the ability to submit thousands of loan applications as a “bulk file” outside of the normal process—may receive preferential access over smaller lenders.

As you know, big banks are receiving a generous servicing fee by taxpayers for their role in administering this program. They must not take advantage of this incentive by privileging their existing clientele or those with larger loan requests at the expense of small businesses who are in urgent need of financial assistance. Corporate greed on Wall

Street cannot be allowed to subvert a program designed to deliver much-needed relief to small businesses to help keep the lights on.

As your agencies work to facilitate the expeditious loan approval under the Paycheck Protection Program, you must work to make oversight of this program a priority to ensure fair implementation. I request a response to the following questions by Monday, May 11:

1. Have your agencies conducted oversight of those banks and lenders who may have violated the “first-come, first-served” standard and thereby privileged some businesses at the expense of others? If so, will you commit to making such findings public?
2. What actions do you plan to take to ensure that banks and lenders faithfully follow the “first-come, first-served” standard?
3. In the second round of funding, will these “bulk file” submissions by larger lenders still be subject to the “first-come, first-served” standard to avoid offering the biggest banks preferential access?

Thank you for your work to ensure that the Paycheck Protection Program is implemented fairly for the benefit of all small businesses in Missouri and across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Hawley", with a stylized, cursive script.

Josh Hawley
United States Senator